GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1042
ANSWERED ON:23.11.2007
LOAN TO SMALL UNITS
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of FINANCE be pleased to state:

(a) whether the banks and financial institutions have sanctioned less loans to small units as against the targeted amount during 2006-2007;

(b) whether the Government has taken any action to ensure adequate bank loans for small units;

(c) if so, the details thereof; and

(d) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): No, Sir. The Public Sector Banks (PSBs) have been advised to achieve minimum 20% year on year growth in credit to the SME Sector. This has been achieved. Further, the PSBs have shown a 25.81% year on year growth in credit outstanding to the SME Sector for the year 2006-07 over the year 2005-06.

(b),(c)&(d): Government of India has taken various measures to increase the flow of credit to Small and Medium Enterprises viz. fixing of self-targets for financing to SME sector by banks, measures to increase the outreach of formal credit to the SME sector, cluster based approach for financing SME sector, measures to rationalize the cost of loans to SME sector, constitution of Empowered Committees at Regional Offices of RBI to review the progress in SME financing and debt restructuring mechanism and a One Time Settlement Scheme for the SME Sector besides enactment of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.